

The Goodyear Tire & Rubber Company of Canada, Limited

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BUSINESS TIRE
CORPORATION FILE



Annual Report 1967

The Goodyear Tire & Rubber Company of Canada, Limited

Board of Directors

R. C. BERKINSHAW, C.B.E., *Toronto*
P. P. DAIGLE, *Montreal*
R. DeYOUNG, *Akron*
W. E. ECCLESTONE, *Toronto*
LOUIS A. LAPOINTE, *Montreal*
A. DEANE NESBITT, O.B.E., D.F.C., *Montreal*
BRUCE M. ROBERTSON, *Akron*
L. E. SPENCER, *Toronto*
R. V. THOMAS, *Akron*

Officers

L. E. SPENCER, *President and General Manager*
W. E. ECCLESTONE, *Executive Vice President and General Manager,
Tire Products Division*
H. A. BRUNDAGE, *Vice President — Finance*
H. G. MacNEILL, *Vice President and General Manager,
General Products Division*
G. F. TURNER, *Vice President — Tire Sales*
J. C. MOON, *Vice President — Tire Production*
D. C. CARLISLE, *Treasurer*
K. E. KENNEDY, Q.C., *Secretary and General Counsel*
D. F. CATTO, *Comptroller*
A. E. ROBINETTE, Q.C., *Assistant Secretary*
C. E. CLARKE, *Assistant Treasurer*
G. E. BENNETT, *Assistant Comptroller*
R. D. COPELAND, *Assistant Comptroller*

Head Office: 3050 Lake Shore Boulevard West, Toronto 14, Ont.

Plants

Toronto, Ont. (2)
Bowmanville, Ont.
Collingwood, Ont.
Owen Sound, Ont.
St. Hyacinthe, Que.
Quebec City, Que.
Valleyfield, Que.
Medicine Hat, Alta.

Sales Districts

Moncton
Quebec
Montreal
Ottawa
Metropolitan Toronto
Southern Ontario
Western Ontario
Northern Ontario
Winnipeg
Regina
Saskatoon
Calgary
Edmonton
Metropolitan Vancouver
& Victoria
Northern British Columbia

Wholesale Distributor

St. John's, Nfld.
A. E. Hickman Company Limited



Tires



Conveyor Belts



Hose

Goodyear Product Groups

Tire Products

TIRES & TUBES

for
Automobiles
Trucks
Busses
Earthmovers
Construction
Mining
Logging
Farm and garden tractors
Implements
Industrial vehicles
Golf carts
Wheelbarrows
Lawnmowers
Motorcycles
Scooters
Racing cars

Trailers
Mobile homes

Aircraft
Military vehicles
"Go Anywhere"
military and civilian vehicles

Aircraft wheel and brake assemblies

self-service foods and other products

Vitafilm

Produce
Meats
Heavy-duty packaging (paper products, textiles, hardware) items

FILMS & ADHESIVES

Packaging Films
Pliofilm for
coffee
hygroscopic products

Adhesives for

Industrial and Household uses
Pliobond
Pliogrip
Pliotac

General Products

INDUSTRIAL PRODUCTS

Conveyor belts
Flat transmission belts
Industrial V-belts
FHP-V-belts
Poly-V-belts
Fan belts
Positive drive belts
Variable speed belts
Industrial hose
Automotive hose
Fire hose
Hydraulic hose
Engine and chassis mountings
Tracked vehicle components
Molded rubber products
Extruded rubber products
Printers' blankets and gums
Rubber sheet materials

Rubber and asbestos packing

Tank and chute linings
Industrial rolls
Dock and ship fenders
Matting
Pillow tanks
Inflatable Dunnage
Steel cable conveyor belting
Snow vehicle drive belts
Track vehicle belts
Snow plow blades
Dri-liner products

Pliotrim for automobile instrument panels and padded interior applications

SHOE PRODUCTS

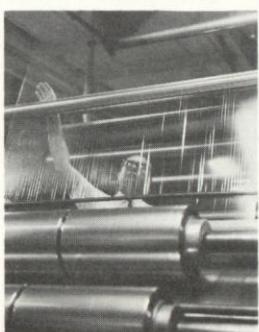
Neolite soles and heels
Crown Neolite soles and heels
Neolite Flex soles
Vulcabond unit soles
Vinabond unit soles
Neolite Crepe soles and heels with Tufsyn
Chemigum soles and heels
Wingfoot soles and heels
Sport soles and heels
Neothane toplifts
Crown Neolite top lifting
Neolite toplifting

MOLDED URETHANE PRODUCTS

Molded Pliofoam regular, full volume and specially designed cushions for autos, busses, trucks.



Foam



Films

Annual Report of the Directors

To the Shareholders:

During 1967, Canada's Centennial Year, your Company reached sales of \$149,778,895, a gain of \$13,169,743 or 9.6% over 1966 thus maintaining its position of leadership in the industry.

Net income for the year amounted to \$4,128,552 or \$15.07 per common share, as compared with \$4,533,743 or \$16.63 per common share for 1966.

Dividends on common stock totalling \$6.00 per share and amounting to \$1,543,560 were paid during the year. Regular quarterly dividends totalling \$2.00 per share were paid on the 4% preferred shares.

Total compensation paid to employees during the year together with pension, hospitalization, group insurance and related benefits totalled \$48,644,663, as compared with \$45,814,422 for 1966.

Taxes and duties of all kinds provided for in 1967 totalled \$14,951,016, equivalent to \$58.12 per share of issued common stock, as compared with \$16,120,319 or \$62.66 per share in 1966.

Capital expenditures for expansion, improvements and replacements of property in 1967 totalled \$10,484,379; depreciation amounted to \$6,147,455.

Working capital amounted to \$40,395,463; the ratio of current assets to current liabilities was 2.5 to 1, compared with 3.0 to 1 at the end of 1966.

Investment and Costs

Investment in the business reached a new high to keep pace with the expanding market.

Rising wages and salaries, plant start-up costs, higher depreciation and interest on loans needed to finance your Company's expansion continued to reduce earnings both in absolute figures and as a percentage of sales.

A Year of Record Sales

In 1967 sales of Goodyear products reached an all-time high. The Company's record performance was the result of an integrated plan which included:

- extensive product development;
- an investment in manufacturing facilities second only to 1966, the highest in our history;
- more modern data processing systems;
- a progressive marketing policy;
- an increase in number of retail stores;
- expansion of distribution facilities; and
- a vigorous program of public relations, advertising and corporate research.

A Year of Expansion

The second highest annual capital expenditure program in your Company's history included: a new modern high-speed stock mixing unit, an additional Vitafilm transparent film manufacturing unit, plus modernization of tire manufacturing equipment in existing plants; a new truck tire and a new earthmover tire plant at Valleyfield, Quebec; a new Vytacord tire fabric processing plant under construction at St. Hyacinthe, Quebec; the first Canadian steel-cable conveyor belt facility at Bowmanville, Ontario; a new hose plant in Collingwood, Ontario, and other expansion and modernization in all nine manufacturing plants across Canada.

Vytacord Spearheads Tire Improvement

Your Company continued to lead the industry in tire sales in 1967, thanks to new and better components such as Vytacord, our polyester fabric.

A pioneer in the application of polyester fibre to tire manufacturing, your Company is now well ahead of competition in the areas of quality and safety; it is the only Canadian company supplying polyester tires as original equipment.

General Products: growing pains

Although most of your Company's General Products Division had an excellent performance in 1967, it faced some problems. For example, Foam Products which operated at full capacity throughout the year, incurred high production costs because of the introduction of complicated safety padding into 1968 model cars; the new hose plant ran into unusually heavy start-up costs in 'breaking in' and 'debugging' new and complex machinery with inexperienced personnel; sales of shoe products suffered a further decline, partially as a result of increased imports.

People: our key to success

It takes manpower, machinery, money and materials to operate a company but the quality of people ultimately makes the difference between success and failure: Goodyear employees and dealers were the key to the record sales performance of your Company in 1967.

Because we believe so strongly in the value of people, we have placed increased emphasis on the recruitment, training and development of our personnel to meet the challenge and opportunities which your Company will face in the years ahead.

Long-term Outlook

Goodyear-Canada's sales have increased substantially every year since 1961. Although growth in the immediate future cannot be expected to continue at the present rate, we are optimistic about the long-term outlook.

In an expanding economy and with increasing competition we are confident that our investments in people and facilities will keep Goodyear in the forefront of the Canadian rubber industry.

On behalf of the Board,



January 31, 1968.

President and General Manager.

Consolidated Balance Sheet**Assets**

DECEMBER 31

1967

1966

CURRENT ASSETS:

Cash.....	\$ 611,404	\$ 271,746
Accounts receivable, less provision for bad debts: 1967 — \$1,264,218; 1966 — \$1,438,508.....	30,341,703	26,756,197
Inventories at lower of cost or market.....	37,171,412	36,025,378
TOTAL CURRENT ASSETS.....	<u>68,124,519</u>	<u>63,053,321</u>

INVESTMENTS AND OTHER ASSETS:

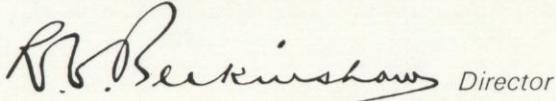
Miscellaneous investments, at cost or less.	857,000	898,436
Deferred charges to future operations....	104,896	73,619
	<u>961,896</u>	<u>972,055</u>

PROPERTIES AND PLANTS:

Land, buildings, machinery and equipment, at cost.....	96,017,691	86,618,662
Less — Depreciation.....	58,327,064	52,906,877
	<u>37,690,627</u>	<u>33,711,785</u>
	<u>\$106,777,042</u>	<u>\$97,737,161</u>

APPROVED ON BEHALF OF THE BOARD:


 Director


 Director

Liabilities

	DECEMBER 31	
	1967	1966
CURRENT LIABILITIES:		
Bank loans and overdrafts.....	\$ 1,885,272	\$ 5,170,679
Loans from parent company.....	10,000,000	—
Accounts payable and accrued liabilities..	14,910.590	14,085,540
Income and other taxes payable.....	870,259	1,917,021
Dividend payable on preferred shares....	62,935	63,816
TOTAL CURRENT LIABILITIES.....	27,729,056	21,237,056
LONG TERM DEBT:		
Bank loans due 1969.....	20,150,000	21,500,000
Funded debt of subsidiary.....	500,000	547,000
	20,650,000	22,047,000
DEFERRED INCOME.....	1,459,767	1,086,417
DEFERRED INCOME TAXES.....	4,001,140	2,676,871

Shareholders' Equity

CAPITAL STOCK:

4% cumulative redeemable sinking fund preferred shares (par value \$50 per share; redeemable on call at \$53 per share):		
Authorized, issued and outstanding: 1967 — 125,924 shares; 1966 — 127,631 shares.....	6,296,200	6,381,550
Common shares, no par value:		
Authorized: 290,660 shares; issued and outstanding — 257,260 shares	128,630	128,630
CAPITAL SURPLUS.....	692,350	692,350
RETAINED EARNINGS.....	45,819,899	43,487,287
	52,937,079	50,689,817
	\$106,777,042	\$97,737,161

Consolidated Profit and Loss Statement

	YEAR ENDED DECEMBER 31	
	1967	1966
Net sales	<u>\$149,778,895</u>	<u>\$136,609,152</u>
Profit from operations before providing for depreciation and income taxes.....	12,889,247	12,665,396
Income from investments.....	63,181	46,420
	<u>12,952,428</u>	<u>12,711,816</u>
Deduct:		
Provision for depreciation.....	6,147,455	4,225,032
Provision for income taxes:		
Current.....	1,352,152	2,243,354
Deferred.....	1,324,269	1,709,687
	<u>8,823,876</u>	<u>8,178,073</u>
Net profit for the year.....	<u>\$ 4,128,552</u>	<u>\$ 4,533,743</u>

Consolidated Retained Earnings Statement

	YEAR ENDED DECEMBER 31	
	1967	1966
Balance at beginning of year....	\$43,487,287	\$40,752,752
Net profit for the year.....	<u>4,128,552</u>	<u>4,533,743</u>
	<u>47,615,839</u>	<u>45,286,495</u>
Deduct:		
Dividends:		
On 4% preferred shares....	252,380	255,648
On common shares.....	1,543,560	1,543,560
	<u>1,795,940</u>	<u>1,799,208</u>
Balance at end of year.....	<u>\$45,819,899</u>	<u>\$43,487,287</u>

Notes to Consolidated Financial Statements

1. The accounts receivable at December 31, 1967 include \$1,741,713 due from affiliated companies and \$2,484,000 due to affiliated companies is included in accounts payable. These balances represent current accounts arising in the normal course of business.
2. Certain store and warehouse properties are leased at minimum annual rentals which total \$1,535,487 for 1968. Most of the leases may be renewed by the Company on expiry.
3. The Company's total unfunded obligation for pension benefits arising from service prior to December 31, 1967 is estimated to be \$14,383,000 and has not been provided for in the accounts. Since 1958 the Company has been funding past service obligations by the payment of instalments which are charged against operations over a thirty year period ending in 1987, and proposes to continue this practice.
4. Remuneration paid to directors and senior officers of the Company in 1967 amounted to \$247,457.
5. For comparative purposes, certain bank loans at December 31, 1966 have been restated as long term debt in the consolidated financial statements.

Consolidated Statement of Funds

	YEAR ENDED DECEMBER 31	
	1967	1966
SOURCE OF FUNDS:		
Net profit from consolidated profit and loss statement.....	\$ 4,128,552	\$ 4,533,743
Expenses not requiring a current outlay of funds:		
Depreciation.....	6,147,455	4,225,032
Deferred income taxes.....	1,324,269	1,709,687
Total from operations..	11,600,276	10,468,462
Long term debt.....	—	12,947,000
Property disposals.....	358,082	484,925
Miscellaneous investments and other credits.....	383,509	238,232
	12,341,867	24,138,619
APPLICATION OF FUNDS:		
Dividends.....	1,795,940	1,799,208
Capital expenditures for properties and plants.....	10,484,379	17,228,253
Long term debt.....	1,397,000	—
Preferred shares redeemed.....	85,350	92,600
	13,762,669	19,120,061
Decrease (increase) in working capital	<u>\$ 1,420,802</u>	<u>\$(5,018,558)</u>

Auditors' Report

TO THE SHAREHOLDERS OF
THE GOODYEAR TIRE & RUBBER COMPANY OF CANADA, LIMITED:

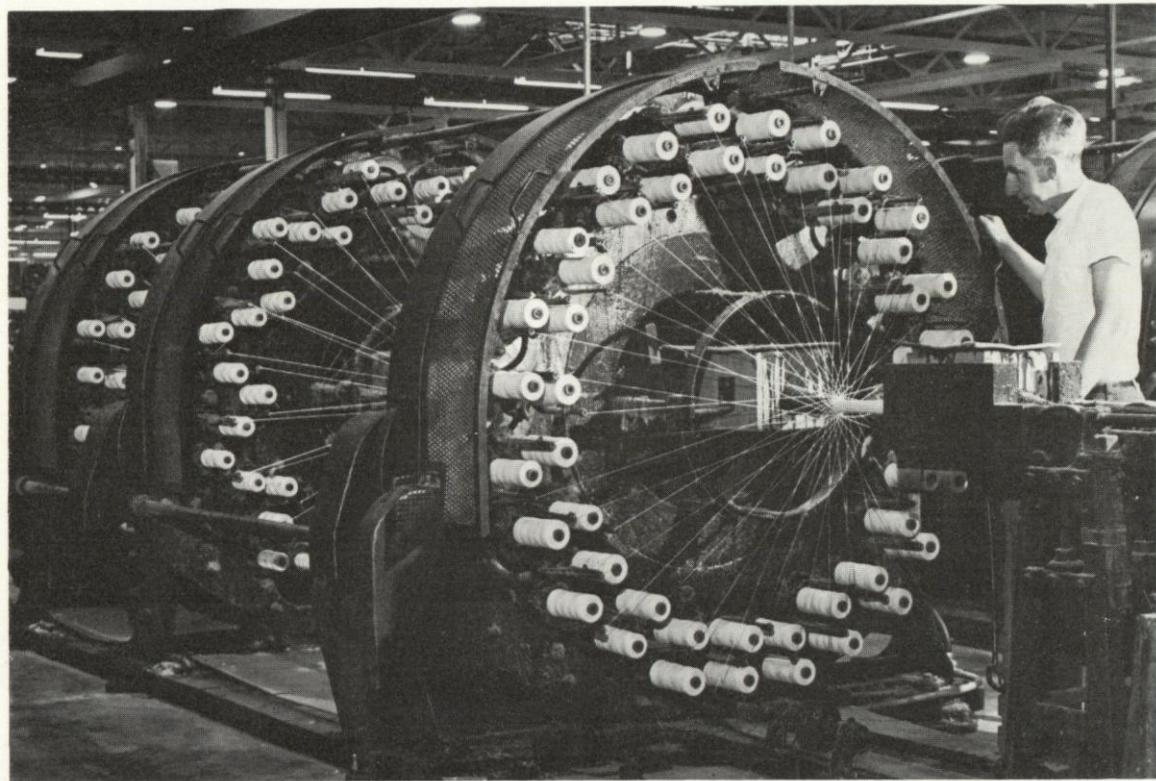
We have examined the consolidated balance sheet of The Goodyear Tire & Rubber Company of Canada, Limited and its subsidiary companies as at December 31, 1967 and the consolidated statements of profit and loss, retained earnings and funds for the year then ended. Our examination was made in conformity with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the companies as at December 31, 1967 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Price Waterhouse & Co.

Toronto, January 25, 1968.

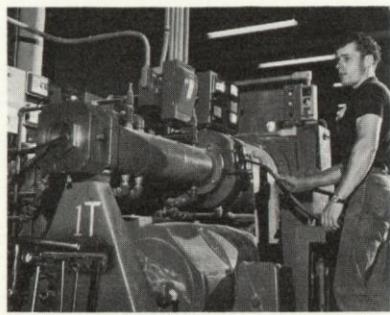
Chartered Accountants.



Hose, being fed from left to right, gets fabric reinforcing from three braiders.



Employee inserts stiffener spring in automotive hose and inspects it.



Small hose is extruded on most modern equipment.

Collingwood: Newest and Best

In continuing its policy of expansion, Goodyear-Canada opened the most modern hose plant on the continent in 1967 at Collingwood, Ontario.

An important addition to the company's Industrial Products Division, the \$3-million plant has on hand 6,000 specifications for 1,000 types of hose ranging from one-eighth inch tubing to the giant sand suction type up to 24 inches in inside diameter. The plant is the only one in Canada with facilities capable of curing large hose in 75-foot lengths and a lead press which will cure smaller hose — up to 1½ inches in inside diameter — in lengths up to 500 feet.

Goodyear spares no effort in building quality into its products. One example is the pampering accorded curved radiator hose: it is mechanically massaged as it leaves the extruder to "relax" it; this prevents the hose from changing length when it is curved and cured.

Improving products is also of prime consideration at Goodyear. An example of this is rotary drilling hose used to feed mud to the bit in oil well drilling. It is now tested at 7,500 pounds per square inch but a newer type is being developed which will be tested at 10,000 pounds per square inch.

The 100,000 square foot Collingwood plant is set on a 55-acre tract, which allows ample room for expansion.

1967: Goodyear's Greatest Year in Racing

Goodyear's greatest year in racing was highlighted in Canada by a clean sweep of Canada's first Grand Prix by Goodyear-shod cars. Jack Brabham, former world champion, won, followed by Dennis Hulme, who finished the racing season as world champion, and Dan Gurney. Hulme also won three of six Can-Am Challenge Cup races; another two were won by Bruce McLaren, also on Goodyear tires. Another highlight of Goodyear racing in Canada was the sweep of the Telegram Trophy race for "Indianapolis 500" type cars by Bobby Unser, Roger McClusky and Gordon Johncock. On the American circuit, A. J. Foyt's winning the Indianapolis 500 on Goodyears without a tire

change proved to the world of racing that Goodyear tires are indeed rugged and efficient.

On the international scene, Goodyear-shod cars proved to be eminently successful winning major races, including the Grands Prix of France, Belgium, Monaco and Germany and the Le Mans 24-hour endurance race.



Goodyear-Canada president, L. E. Spencer, left, was one of first to congratulate Brabham on Canadian Grand Prix win.



Brabham crosses finish line on Goodyears to capture Canada's first Grand Prix.

Goodyear's Good Will Ambassador "Mayflower" Over Expo 67

During its visit to Canada to celebrate the country's Centennial, the Goodyear airship "Mayflower" spent seven weeks in Montreal and two weeks in Toronto. It proved to be an outstanding attraction to adults and children alike at Expo 67 and the Canadian National Exhibition.



